

Web Release



Producer's Price Index: May 2017 (Base: Fourth Quarter 2013=100)



Department of Census and Statistics
Ministry of National Policies and Economic Affairs

Tel: 011-2147414

Fax: 011-2877945

E-mail: prices@statistics.gov.lk

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Introduction

The Producer's Price Index (PPI) measures the average change over the time in the prices received by domestic producers of goods and services. The introduction of the PPI in Sri Lanka provides a more complete picture of price movements and trends for making informed policy decisions. Department of Census and Statistics (DCS) has been releasing PPI quarterly from September, 2015 with time lag of 5 weeks. Giving due consideration for making the estimates available more frequently, it has now been arranged to release PPI monthly with a time lag of 45 days.

PPI is an important macroeconomic indicator. It serves as an indicator of short term inflationary trends and as a deflator of economic series. It is also used in productivity analysis, contract escalation, business analysis and current cost accounting etc. PPI covers the Producer's prices of Agriculture, Manufacturing and Electricity & Water supply sectors of the economy.

PPI for all economic activities for May of 2017 is 126.1. The price index for three major economic activities of the economy namely, "Agriculture", "Manufacturing" and "Electricity & Water Supply" are 164.5, 109.6 and 86.3 respectively. Over the year, growth rate of overall index for May, 2017 is 20.3 per cent. Agriculture and Manufacturing activities reported positive growth rates of 46.5 per cent and 5.9 per cent respectively while, Electricity & Water Supply sector decreased 0.3 percent in May 2017 compared to that of in May 2016 (Table 1).

Agriculture sector recorded the highest growth rate compared to other sectors on year on year basis. This is due to the increase in prices received by the domestic producers of sub activities in agriculture namely, "Growing of cereals", "Growing of vegetable crops", and "Growing of fruits, nuts & beverage crops" and "Production of fresh milk". The major contributors to the huge growth is mainly from the sub activities of "Growing of cereals" and "Growing of fruits, nuts & beverage crops".

The positive growth reported in the manufacturing sector is mainly due to the growth of prices received by activities of "Manufacturing of food products and beverages", "Manufacturing of tobacco products", "Manufacturing of coke, refined petroleum products and nuclear fuel", "Manufacturing of textiles", "Manufacturing of furniture, jewellery & manufacturing of other products not elsewhere classified", "Manufacturing of wearing apparel", "Manufacture of other transport equipment" and "Manufacturing of basic metals" in the month of May 2017 compared to the same month in 2016. On the other hand, activities of "Publishing, printing & reproduction of recorded media", "Manufacture of rubber and plastic products", "Manufacture of other non-metallic mineral products" and "Manufacture of electrical machinery and apparatus" reported slight negative growth rates in May 2017 on year on year basis (Table 4).

Activities of "Collection, purification and distribution of water" recorded a positive growth rate while activity of "Electricity generation and distribution" reported a marginal decrease in May 2017 compared to that of in May, 2016 (Table 4).

Table 1: PPI of May of 2016 & 2017 and Year on Year changes of PPI by Major Economic Activity (Base: 2013 Q4=100)

Major Economic Activity	PPI		Year on Year % change (May 2017/ May 2016)
	2016 May	2017 May**	
All Activities	104.8	126.1	20.3
Agriculture	112.3	164.5	46.5
Manufacturing	103.5	109.6	5.9
Electricity & water supply	86.6	86.3	-0.3

** - Provisional

Monthly Changes of Producer's Price Index

PPI for three major activities increased by 2.2 per cent in May from the April level, while positive growth rates recorded for agriculture and electricity & water supply sectors were 6.4 per cent and 0.3 percent respectively. PPI for manufacturing sector remained at the same level of the previous month (Table 2).

Among cereal group, price of Paddy, Kurakkan and Black gram recorded an increase in May 2017 compared to that of in April, 2017, while prices of Maize reported a slight decrease. Most of the up country vegetable varieties reported a considerable price increase while low country vegetables reported a decrease in prices. Moreover, Coconuts and Tea Leaves (green) of "Growing of fruits, nuts and beverage crops" activity reported a further price increase.

The activities of "Manufacturing of textiles", "Manufacturing of wearing apparel", and "Manufacturing of furniture, jewellery & manufacturing of other products not elsewhere classified" have reported slight growth rates. However, activities of "Manufacturing of food products and beverages" and "Manufacturing of coke, refined petroleum products and nuclear fuel" reported slight negative growth rates (Table 4).

PPI for activity "Generation and distribution of Electricity" and "Collection, purification and distribution of water" activities reported positive growth rates of 0.4 per cent and 0.5 per cent respectively in May from April level (Table 4).

Table 2: PPI of April & May of 2017 and Month to Month changes of PPI by Major Economic Activity (Base: 2013 Q4 =100)

Major Economic Activity	PPI		Month to Month % change (2017 May / 2017 April)
	2017 April*	2017 May**	
All Activities	123.4	126.1	2.2
Agriculture	154.6	164.5	6.4
Manufacturing	109.6	109.6	0.0
Electricity & Water Supply	86.0	86.3	0.3

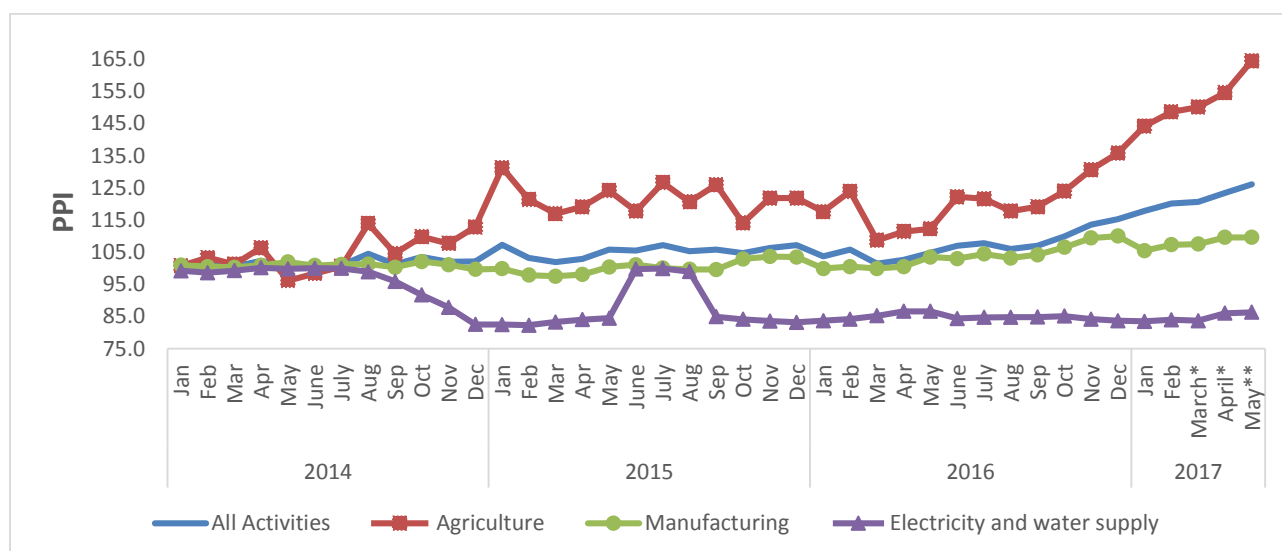
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Table 3: Movements of Producer's Price Index by Major Economic Activity: January 2014 - May 2017
(Base: 2013 Q4=100)

Year	Month	All activities			Agriculture			Manufacturing			Electricity & Water Supply						
		Index number	% changes		Index number	% changes		Index number	% changes		Index number	% changes					
			Month to month	Year on year		12 Months MA	Month to month		Year on year	12 Months MA		Month to month	Year on year	12 Months MA			
2014	January	100.8			100.7			101.0			99.2						
	February	101.1	0.3		103.3	2.5		100.5	-0.5		98.6	-0.6					
	March	100.5	-0.6		101.3	-1.9		100.3	-0.2		99.2	0.6					
	April	102.3	1.8		106.4	5.0		100.9	0.6		100.2	0.9					
	May	100.2	-2.1		96.2	-9.6		101.9	1.0		99.8	-0.4					
	June	100.1	-0.1		98.4	2.3		100.9	-1.1		100.0	0.2					
	July	100.9	0.8		100.6	2.2		101.2	0.3		100.0	0.0					
	August	104.5	3.6		113.9	13.3		101.3	0.1		98.9	-1.0					
	September	101.2	-3.2		104.6	-8.2		100.3	-1.0		95.9	-3.0					
	October	103.5	2.3		109.8	5.0		102.1	1.8		91.7	-4.4					
	November	102.0	-1.4		107.7	-1.9		101.1	-1.0		87.8	-4.2					
	December	102.1	0.1		112.8	4.8		99.6	-1.4		82.5	-6.0					
2015	January	107.3	5.0	6.4	131.2	16.3	30.3	99.9	0.2	-1.1	82.5	-0.1	-16.9				
	February	103.2	-3.7	2.1	121.4	-7.5	17.5	97.9	-2.0	-2.6	82.3	-0.2	-16.5				
	March	101.9	-1.3	1.4	117.0	-3.7	15.5	97.5	-0.4	-2.8	83.3	1.2	-16.1				
	April	102.9	1.0	0.5	119.1	1.9	12.0	98.0	0.5	-2.8	84.0	0.9	-16.1				
	May	105.8	2.9	5.6	124.1	4.2	29.1	100.4	2.4	-1.5	84.5	0.6	-15.3				
	June	105.5	-0.3	5.4	117.8	-5.1	19.7	101.1	0.7	0.2	99.7	18.0	-0.3				
	July	107.2	1.6	6.2	126.6	7.5	25.9	100.1	-1.0	-1.1	99.9	0.2	-0.1				
	August	105.3	-1.8	0.7	120.6	-4.7	5.9	99.7	-0.4	-1.6	98.9	-1.0	0.0				
	September	105.8	0.5	4.6	126.0	4.4	20.5	99.6	0.0	-0.7	84.9	-14.2	-11.5				
	October	104.7	-1.0	1.2	114.1	-9.4	3.9	102.9	3.3	0.8	84.1	-1.0	-8.3				
	November	106.3	1.5	4.2	121.8	6.8	13.1	103.6	0.7	2.5	83.6	-0.6	-4.8				
	December	107.2	0.9	5.0	121.8	0.0	8.0	103.5	-0.1	3.9	83.2	-0.5	0.7	-8.9			
2016	January	103.7	-3.3	-3.3	2.7	117.6	-3.5	-10.4	12.6	99.9	-3.5	0.0	-0.5	83.7	0.7	1.5	-7.5
	February	105.8	2.0	2.5	2.8	123.9	5.4	2.1	11.2	100.5	0.6	2.7	0.0	84.2	0.6	2.3	-6.0
	March	101.4	-4.2	-0.5	2.6	108.7	-12.3	-7.1	9.3	99.9	-0.6	2.5	0.4	85.2	1.2	2.3	-4.4
	April	102.6	1.2	-0.3	2.6	111.4	2.5	-6.5	7.6	100.5	0.6	2.5	0.8	86.6	1.6	3.1	-2.8
	May	104.8	2.1	-1.0	2.0	112.3	0.8	-9.5	4.6	103.5	3.0	3.1	1.2	86.6	0.0	2.5	-1.2
	June	107.0	2.1	1.4	1.7	122.2	8.8	3.8	3.4	103.0	-0.5	1.9	1.4	84.4	-2.5	-15.4	-2.6
	July	107.8	0.7	0.5	1.2	121.6	-0.5	-4.0	1.1	104.4	1.4	4.3	1.8	84.7	0.4	-15.2	-4.0
	August	106.0	-1.7	0.7	1.2	117.7	-3.2	-2.4	0.4	103.2	-1.1	3.5	2.3	84.8	0.1	-14.3	-5.3
	September	107.0	0.9	1.1	0.9	119.1	1.2	-5.4	-1.5	104.2	1.0	4.6	2.7	84.8	0.0	-0.1	-4.4
	October	109.9	2.7	4.9	1.3	124.0	4.1	8.7	-1.1	106.5	2.2	3.5	2.9	85.1	0.4	1.2	-3.6
	Nov	113.4	3.2	6.7	1.5	130.6	5.3	7.2	-1.5	109.2	2.5	5.4	3.2	84.2	-1.1	0.7	-3.1
	Dec	115.3	1.7	7.5	1.7	135.8	4.0	11.5	-1.1	110.0	0.7	6.2	3.4	83.7	-0.5	0.7	-3.1
2017	January	117.8	2.2	13.6	3.1	144.2	6.2	22.6	1.6	105.5	-4.1	5.6	3.8	83.5	-0.3	-0.2	-3.3
	Feb	120.1	2.0	13.5	4.0	148.6	3.1	19.9	3.2	107.3	1.7	6.8	4.2	84.0	0.6	-0.2	-3.5
	March*	120.6	0.4	18.9	5.6	150.1	1.0	38.1	6.6	107.5	0.2	7.6	4.6	83.7	-0.4	-1.8	-3.8
	April*	123.4	2.3	20.3	7.3	154.6	3.0	38.8	10.2	109.6	2.0	9.1	5.1	86.0	2.7	-0.7	-4.1
	May**	126.1	2.2	20.3	9.0	164.5	6.4	46.5	14.8	109.6	0.0	5.9	5.4	86.3	0.3	-0.3	-4.3

* - Revised ** - Provisional

Figure 1: Movements of Monthly Producer's Price Index: January 2014 - May 2017
(Base: 2013 Q4=100)



* - Revised ** - Provisional

Table 4: PPI of May of 2016 & 2017, April 2017 and percentage changes by two digit level Economic Activity of ISIC (Base: 2013 Q4=100)

ISIC Rev.3.1	Description of the Economic Activity	2016	2017		% change	
		May	April*	May**	May 2017/Apr 2017	May 2017/May 2016
	All Activities	104.8	123.4	126.1	2.2	20.3
	Agriculture	112.3	154.6	164.5	6.4	46.5
01	Agriculture and farming	112.3	154.6	164.5	6.4	46.5
	Manufacturing	103.5	109.6	109.6	0.0	5.9
15	Manufacture of food products and beverages	106.8	128.3	126.8	-1.2	18.7
16	Manufacture of tobacco products	125.1	182.4	182.4	0.0	45.8
17	Manufacture of textiles	97.1	104.7	105.2	0.5	8.3
18	Manufacture of wearing apparel, dressing, and dyeing of fur	118.1	119.5	121.3	1.5	2.7
22	Publishing, printing and reproduction of recorded media	97.8	95.9	95.9	0.0	-1.9
23	Manufacture of coke, refine petroleum products and nuclear fuel	52.2	79.0	77.7	-1.6	48.9
24	Manufacture of chemicals and chemical products	95.3	96.3	96.3	0.0	1.0
25	Manufacture of rubber and plastics	91.8	91.0	91.2	0.2	-0.7
26	Manufacture of other non metallic mineral products	110.6	110.0	110.1	0.1	-0.5
27	Manufacture of basic metals	96.7	99.0	99.1	0.1	2.5
31	Manufacture of electrical machinery and apparatus n.e.c.	111.9	107.2	107.2	0.0	-4.2
35	Manufacture of other transport equipments	101.4	105.2	105.2	0.0	3.7
36	Manufacture of furniture, Manufacturing n.e.c.	104.7	117.5	118.2	0.6	12.9
	Electricity and water supply	86.6	86.0	86.3	0.3	-0.3
40	Electricity	84.7	84.3	84.6	0.4	-0.1
41	Collection, purification and distribution of water	84.7	102.4	102.9	0.5	21.5

* - Revised ** - Provisional

ISIC refers to International Standard Industrial Classification of all activities (Revision 3.1)

Revision Policy

PPI is compiled by collecting producer's prices for about 514 product items from 376 manufacturing and utility related establishments. Prices of 36 agricultural products are collected from 331 Divisional Secretariat Divisions covering whole country. Electricity & Water supply sector prices are collected from Ceylon Electricity Board and National Water Supply & Drainage Board respectively.

In certain circumstances, it is not possible to collect requested prices by the time of releasing PPI. Such prices are therefore statistically imputed. Therefore, indices of the latest month are released as provisional. These indices are finalized with time lag of two months.

Further details of Producer's Price Index compiled for the month of May of 2017, are also published in the department web site (www.statistics.gov.lk).

Producer's Price Index (PPI) is released monthly with 45 days time lag with effect from January, 2017. The PPI for month of June, 2017 will be released on 15th of August 2017.

Acting Director General
Department of Census and Statistics
Contact No.: 011-2147001 / 011- 2147020